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AN ACT

To establish a State Bank, to raise a fund for Internal Improvement, and to aid in the establishment of a system of Education.

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee*, That a Bank shall be and is hereby established, in the name and for the benefit of the State, to be known under the name and style of "The Bank of Tennessee," and the faith and credit of the State are hereby pledged for the support of the said Bank, and to supply any deficiency in the funds hereinafter specially pledged, and to give indemnity for all losses arising from such deficiency.

SEC. 2. *Be it enacted*, That the capital of said Bank shall be five millions of dollars, to be raised and constituted as follows: the whole of the Common School Fund, whether the same is vested in stock in the present banks in the State, or in the hands of the Superintendent of Public Instruction, or in the hands of the county agents or other persons, except so much as may have been vested in any works of internal improvement, as well as the proceeds of the Ocoee lands, shall constitute a part of the capital of the Bank of Tennessee: the surplus revenue on deposit with the State, together with the unexpended interest thereon, shall also constitute a

part of the stock of said Bank: and in addition to these amounts a sum shall be raised in specie, or funds convertable into specie at par value, on the faith of the State, sufficient to make the whole capital five millions of dollars; *provided*, that if the fourth instalment of the surplus revenue, apportioned under the act of Congress, approved 23d June, 1836, should be deposited with this State, the amount received shall be added to and constitute a part of the capital of said Bank, and be an addition to the capital stock of five millions of dollars above specified; *Provided further*, that the Stock owned by the State, in the Union Bank, shall not constitute any portion of the capital of the Bank of Tennessee.

Sec. 3. *Be it enacted*, That the money belonging to the Common School Fund, which now may be in possession of the Superintendent of Public Instruction, or which may hereafter come into his possession, shall be handed over to the president and directors of the Bank of Tennessee, as capital in said Bank, and said president and directors, or a majority of them, shall be authorized and required for and in behalf of the State, and with a pledge of the public faith and credit, to issue to the superintendent aforesaid state stock or certificates of debt, for such sum or sums as may be from time to time paid over by the said superintendant to the said president and directors; and the Governor of the State, the Comptroller of the Treasury, and the Superintendent of Public Instruction, shall dispose of the stock in any and all the Banks of the State, belonging to the common school fund, whenever the same can be sold at par for specie, or funds convertible into specie, at par value, and pay over the proceeds to the president and directors of the Bank, who shall issue certificates of stock to the superintendent of public instruction as aforesaid; *Provided*, that any dividends on the same, which shall not be declared at the time of the sale, shall not be sold with the stock, but the same shall be received by the superintendent and paid over to the president

and directors of the Bank, and shall constitute a part of the contingent fund, to meet the annual or semi-annual liabilities of the Bank, as shall also the interest and dividends which may hereafter arise on any portion of the capital of the school fund, before said capital is paid over to the president and directors of said Bank; and in like manner the superintendent of public instruction shall pay over the proceeds of the sale of the Ocoee lands as they are received, and take certificates of stock; *Provided*, that if a system of common schools shall be adopted and put into operation, by the present General Assembly, the funds which may accrue after the year 1837, for the benefit of common schools, from the bonuses of the present Banks, and bonuses and dividends arising from other incorporate companies, and from privileges, fines, penalties and taxes, shall constitute part of the annual fund for distribution by the superintendent, and shall not be subscribed in stock in the State Bank. But should a system of common schools not be adopted as aforesaid, then said funds to be vested in stock in said Bank, until otherwise directed by the General Assembly.

Sec. 4. *Be it enacted*, That it shall be the duty of the comptroller of the treasury to draw from the Union Bank, the Planters Bank, and the Farmers and Merchants Bank, the amount of the surplus federal revenue now on deposite with said Banks, in two yearly instalments; the first instalment to be drawn on the 1st day of January, 1839, each instalment to be drawn in specie or funds convertible immediately into specie at par value; and as soon as each instalment is received, he shall pay over the same to the president and directors of the State Bank, and receive certificates of stock, which shall be kept by him for the benefit of the State; *Provided*, that if the said Banks, or either of them, shall fail or refuse upon demand made as aforesaid, to pay over the surplus, or any part which may be demanded, at the times aforesaid, then the comptroller shall direct suits to

be instituted by the Attorney General of the State, for the amount so withheld, together with the ten per cent. authorized by their charters; and until said instalments are demanded, the present banks shall hold the surplus at the rate of six per cent. per annum, payable half yearly, and the interest so accruing shall constitute part of the sinking fund hereinafter designated.

Sec. 5. *Be it enacted*, That it shall be the duty of the Governor of the State, on behalf of the State, to execute the bonds of the State, for two and a half millions of dollars, which bonds shall be signed officially by the Governor, and countersigned by the secretary of state, with the seal of the State affixed, and payable thirty years after date to the president and directors of the Bank of Tennessee, or their assigns, bearing an interest not exceeding six per centum per annum, which shall be payable semi-annually, at the office of the Treasurer of Tennessee, or at such other place within the limits of the United States, as the president and directors may select, which said bonds shall be delivered to the president and directors of said Bank; *Provided*, the Governor shall execute said bonds of any amount, not less than one thousand dollars each, and payable in such denomination of money as the president and directors may require; which bonds and also those hereafter directed to be issued, to pay for stock in internal improvement companies, shall be made payable to, and be sold and disposed of by, the president and directors of said Bank, for specie, or funds convertible into specie without loss, and shall not be sold at a discount. And whenever any State bonds may be issued for the benefit of any internal improvement company, as hereinafter directed, the Governor shall deliver them to the president and directors of the Bank, and the full amount thereof at their nominal value, when the proceeds are received by the Bank, shall be placed to the credit of the company, for whose benefit such bonds may have issued, and any premium for which

such bonds may be sold, shall inure to the benefit of the State; *Provided*, that if at the end of ninety days after any bonds may have been delivered to the Bank; such bonds have not been sold at par as herein provided for, then the president and directors of the Bank shall, on application of the president and directors of the internal improvement company, for which such bonds were issued, deliver the same to them upon their receiving them in payment of the State's subscription at their nominal value; or the said president and directors of the Bank may at their election pay such internal improvement company the amount of such bonds, at their nominal value, and retain the same to be kept or disposed of for the benefit of the State.

Sec. 6. *Be it enacted*, that immediately after the location of the principal Bank and branches the Governor of the State, shall nominate and appoint twelve persons to act as directers, more than one third of whom, shall in no case be merchants; and which nomination and appointment, shall be subject to confirmation, or rejection, by the General Assembly, and the twelve persons so nominated and confirmed, shall constitute the directors—one of whom shall be the president who are hereby incorporated, and made a body politic and corporate, by the name and style of "The President and Directors of the Bank of Tennessee," and shall so continue until the 1st day of January 1868, and by that name shall sue and be sued, plead and be impleaded, and they are hereby made able and capable in law, to have, receive, purchase, enjoy and retain, to them and their successors, lands, rents, tenements, hereditaments, goods, chattels and effects, of what kind, nature or quality soever, and the same to sell, grant demise, alien or dispose of; and also to make, have and use a common seal, and the same to break, alter and renew at their pleasure, also to ordain establish and put in execution such by-laws, ordinances, and regulations, as shall seem necessary and convenient for the government of said corporation, not

being contrary to the laws and constitution of the State, or of the United States.

Sec. 7. *Be it enacted*, That the president and directors as elected, shall continue in office for two years, and until their successors are nominated and confirmed as aforesaid.

Sec. 8. *Be it enacted*, That of the dividends which shall be declared by the Bank, one hundred thousands dollars, shall be annually set apart for common schools, and the faith of the State is hereby pledged, for an annual appropriation of said amount to common schools, to be applied as the general assembly may direct. Of the dividends of the Bank remaining, there shall be annually appropriated for thirty years, and no longer, or not so long, if the Bank should not contiue so long in operation, eighteen thousand dollars to county academies, to be applied as the general assembly may direct, and the faith of the State is hereby pledged for the annual payment of the said sum; *Provided*, the trustees of the respective county academies in the several counties of this State, shall relinquish to the State all claims which they have against the State of Tennessee, for the debt due to those institutions from citizens residing south of French Board and Holston, and west of Big Pigeon rivers, and all claims they may have to lands in the Ocoee district, as well as all claims which they have against said citizens, which relinquishments shall be filed in the office of the Secretary of state, and the proceeds of two half townships of land in the Ocoee district, reserved by the act disposing of said lands for the use of colleges and academies, shall be set apart for and given to the East Tennessee college and Nashville University, upon the trustees of said institutions executing such relinquishments, as are herein directed for the academies; and provided further, that such of said institutions as shall relinquish, as herein provided for, shall be entitled to their rateable proportion of the fund herein appropriated, according to the terms of said appropriation, and on such further conditions as the

present General Assembly may prescribe, in the event the federal government shall hereafter relinquish to the State of Tennessee, the vacant lands south and west of the congressional reservation line, an amount of forty thousand dollars, out of the sale of those lands, shall be set apart as a perpetual fund for the support of a college in the western district; *provided*, that the general government in the act of relinquishment shall grant to the use of such college the appropriation herein made. The balance of the dividends shall be set apart as a sinking fund, to be applied to the extinguishment of the accruing interest on the bonds of the State, whether the same have been executed under any former act, or may be executed under this act.

Sec. 9 *Be it enacted*, That the following powers, rules, conditions, limitations and restrictions, shall be fundamental laws of said Bank, viz:

Article 1. The board shall select on of their number to reside over their deliberations, who shall be elected by a majority of the Directors present, of whom not less than five, shall constitute a quorum to do business; and no person not a citizen of this State, or who is a stockholder, or director of any other Bank, or co-partner of any such director in trade and merchandise, shall be eligible as a director; *Provided*, should it so happen that any director should be appointed, who is a stockholder or director in any other Bank, his seat shall be considered vacant and the place filled by the other directors as in other cases of vacancy; *and provided further*, if any director appointed as aforesaid shall, during his continuance in office, purchase stock or become a director in any other Bank, his seat shall be vacated, which shall be filled by the directory as in other cases.

Art. 2. The President and Directors for the time being, shall have power to elect and remove the cashier, and they shall also have power to appoint such officers, clerks, and servants under them as shall be necessary for executing

the business of the said corporation, and allow them such compensation for their services, as may be reasonable.

Art. 3 No director shall be entitled to any emolument, but the directors for the time being, shall have power to make such compensation to the president of the Bank, for his extraordinary attendance at the Bank and superintending its concerns, as shall to them seem reasonable. No discount shall be made when the cashier may be a maker or endorsor.

Art. 4. They shall receive money on deposit, and pay away the same to order, free of expense, deal in bills of exchange, and buy and sell any of the State stock now issued, or that may hereafter issue, and discount notes at said Bank with two or more good endorsers thereon, at a rate of interest not exceeding six per cent per annum; *Provided*, that this article shall not be construed so as to prevent the said Bank from demanding and receiving a reasonable premium for exchange, in addition to the interest, upon bills or notes payable at a point beyond the limits of this State. *Provided also* that said Bank or either of said branches, never shall purchase and have running to maturity, or on hand, a greater amount of bills of exchange than the amount of notes under discount.

Art. 5. The total amount of debts which said corporation shall at any time owe, whether by bond, bill, note or contract shall not exceed twice the amount of the capital stock paid in at the time over and above the moneys on actual deposit e for safe keeping. Nor shall the entire amount of the risk or investment of securities in what form soever (save and except actual current coin) at any time exceed twice the amount of the capital stock paid in.

Art. 6. In case of excess the directors under whose administration it shall happen, shall be liable for the same in their private capacities, and an action of debt may in such case be brought against them or any of them or their heirs, executors or administrators, in any court of this State, having jurisdiction, by any creditor or creditors of the said corporation

and may be prosecuted to judgment and execution; any condition, covenant and agreement, to the contrary notwithstanding. But this shall not be so construed to exempt said Banks, or the lands, tenements, goods or chattels of the same, and on their insufficiency, the State of Tennessee being also liable for, and being chargeable with the said excess; such of the directors who may have been absent when said excess was contracted or created, shall be exonerated from individual liability —or who may have dissented from the resolution or act by which the same was contracted or created, may respectively exonerate themselves from being individually liable, by entering, if present, their dissent on the Books of the Bank, at the time the debt may be so contracted, and forthwith give notice of the same to the comptroller of the State.

Art. 7. In case of vacancy, occasioned by the death, resignation or removal out of the State or otherwise, of any director, a majority of the directors shall fill such vacancy, and the director so appointed shall hold his office during the unexpired term of the director so vacating; and in case of sickness or necessary absence of the president, the board may appoint a president for the time.

Art. 8. The directors shall keep fair and regular minutes of their proceedings, in a well bound book, and on questions where two directors shall request it, the yeas and nays shall be ordered; and on all such questions, every member present shall be required to vote; and these minutes shall at all times be produced on the demand of the Legislature, or any committee legally authorised to require the same.

Art. 9. Every president and cashier, before he enters on the execution of his duty, shall give bond with two or more securities, to the satisfaction of the directors, payable to the Governor of the State, in a sum not less than one hundred thousand dollars, conditioned for the faithful performance of his duty; and the tellers and clerks shall give like security in a sum not less than twenty thousand dollars, which bonds shall be filed and recorded in the Secretary's office.

Art. 10. The president, directors and cashier, and all other officers of the principal Bank and branches, shall take and subscribe the following oath, on entering on the duties of their respective offices: "I, A. B. do solemnly swear or affirm. that I will faithfully discharge the trust reposed in me as ——— of the Bank of Tennessee, and that I will not wilfully or knowingly violate any direction or provision of the charter thereof, So help me God."

Art. 11. All bills, bonds and notes of the corporation, shall be signed by the president and countersigned by the cashier thereof, and the fund of the Bank shall in no wise be held responsible therefor, unless the same shall be executed as aforesaid.

Art. 12. The bills or notes which it shall be lawful for said corporation to issue and circulate, shall not be for a less denomination than five dollars, and after the first day of January 1841, not less than ten dollars.

Art. 13. The board of directors shall be capable of exercising such other powers and authorities as may be necessary for the well governing and ordering the affairs of the said corporation, and of promoting its interests and credit.

Sec. 10. *Be it enacted*, That the bills obligatory or of credit, under the seal of said corporation, which shall be made to any person or persons, shall be assignable by endorsement thereupon under the hand or hands of such person or persons, and of his, her or their assignee or assignees, and so as absolutely to transfer and vest the property thereof in each and every assignee or assignees successively, and to enable such assignee or assignees, to bring and maintain an action thereupon in his, her or their name or names and bills or notes which may be assigned by order of the said corporation, signed by the president and countersigned by the cashier thereof, promising the payment of money to any person or persons, his, her or their order, or to bearer, though not under the seal of the said corporation, shall be binding and obligatory upon the

same in like manner and with the like force and effect as upon any private person or persons, if issued by him, her or them, in his, her or their private or natural capacity or capacities, and shall be assignable and negotiable in like manner as if they were so issued by such private person or person; that is to say, those which are or shall be payable to any person or persons, his, her or their order, shall be assignable by endorsement in like manner as foreign bills of exchange now are, and those which are or shall be payable to bearer, shall be negotiable and assignable by delivery only.

Sec. 11. *Be it enacted*, That it shall be the duty of the president and directors of the principal Bank and branches, to furnish to the General Assembly, within the first week of every regular session, statements of the amount of the capital stock of said corporation, and of the debts due the same, of the monies deposited therein, of the notes in circulation, and of the cash on hand, together with all other property of said Bank, both real and personal and the General Assembly shall have the right to inspect all such accounts in the Bank as relates to the transactions of said principal Bank and branches, and shall, whenever it may be deemed necessary, appoint a joint committee of both houses of the General Assembly for that purpose, with full power to send for persons and papers; and it shall be the duty of the Comptroller to inspect all accounts in the books of the principal Bank and branches, as often as he may please; and it shall and is hereby declared to be his duty, faithfully to report all and every violation of the fundamental rules of this corporation to the Legislature.

Sec. 12. *Be it enacted*, That the bills or notes of the said corporation, originally made payable, or which shall have become payable on demand, in gold or silver coin, shall be receivable at the treasury of this State, and by all tax collectors and other public officers, in all payments for taxes or other monies due to the State.

Sec. 13. *Be it enacted*, That a majority of the mem-

bers present, at any regular meeting of the directors of the principal Bank and branches, may suspend any director with a view to his expulsion, and any member may be expelled, at a meeting of the board of directors specially convened by the president for that purpose, as soon after such suspension takes place as practicable; but such expulsion shall not be made by a majority of less than two thirds of the whole number of directors.

Sec. 14. *Be it enacted*, That it shall be the duty of the comptroller to make a biennial report to the Legislature on the subject of the principal Bank and branches, and if in his opinion the transactions of the principal Bank and branches, or any particular circumstance relating thereto, shall require it, he shall apply to the General Assembly for a select committee, who shall take into consideration any matters relating to the principal Bank and branches, submitted to them by the comptroller, and report thereon, at the discretion of the Legislature; and the comptroller shall be furnished by the principal Bank and branches, with a general statement of their condition once in every month.

Sec. 8. *Be it enacted*, That it shall be the duty of the president and directors of the Bank, to publish quarterly in some newspaper, the state and condition of the Bank and its branches.

Sec. 16. *Be it enacted*, That if any president, director, or cashier, or other officers of the said Bank, or any of its branches, shall embezzle or fraudulently convert to his or to their own use, any sum of money, bank note, bill of exchange, check, bond, or other security, placed under his care and management, the person so offending, his aiders, abettors, and counsellors, upon conviction thereof, shall be judged guilty of felony, and be sentenced to imprisonment in the State Penitentiary, for a term not less than three years, nor more than twenty-one years, the term to be fixed at the discretion of the jury trying said offence, and shall forever

thereafter be disqualified from holding any office of profit or trust in this State, and shall moreover be liable for the sum embezzled.

Sec. 17. *Be it enacted*, That the sums discounted on notes, with two or more sufficient securities, as provided for by this act, shall be apportioned, as far as practicable, among the several counties in this State, annually, in proportion to the qualified voters, and the president and cashier of the Bank or branch, shall give notice in some public paper printed in the county in which the Bank or branch may be located, stating the amount that each county may be entitled to borrow, within ten days after the right to borrow in manner aforesaid may arise; and should the sum, or any part thereof, to which any county should be thus entitled, be not applied for within fifteen days after such notice, by the inhabitants thereof, by presenting bills or notes for discount, with good endorsers, then it may be discounted as aforesaid, to any person or persons applying for the same. The principal Bank and three branches shall be located in Middle Tennessee, two branches of the said Bank in the Western District, and two branches in East Tennessee.

Sec. 18. *Be it enacted*, That the lands, tenements, and hereditaments which it may be lawful for said corporation to hold, shall be only such as shall be requisite for its immediate accommodation for the transaction of its business, and such as have been *bona fide* mortgaged to it by way of security for, or conveyed to it in satisfaction of debts previously contracted in the course of ordinary banking business, or purchased at sales upon judgments or decrees rendered in favor of said Bank.

Sec. 19. *Be it enacted*, That it shall be the duty of the Governor, as soon as the directors are appointed of the principal Bank and branches, to convene the several boards of the same by advertisement in some newspaper, giving ten

days notice thereof, at the place the Bank or branch may be located, for the purpose of carrying this act into effect.

Sec. 20. *Be it enacted*, That whenever the president and directors of any company incorporated for the purposes of internal improvement, shall negotiate any bonds executed under the provisions of this act, it shall be their duty to notify the president and directors of the Bank, of the place at which the interest on said bonds is stipulated to be paid, which shall be within the limits of the United States, and the president and directors of the Bank shall provide for the payment of the interest aforesaid, out of the dividends of the Bank; *Provided*, that if there shall be a surplus of the dividends, after setting apart the amount appropriated to common schools and academies, and after paying the interest on the bonds of the State, the same shall be held by the Bank as a contingent fund, to be appropriated at any time when there may occur a deficiency in the dividends for the purposes aforesaid; *And provided also*, that if at any time there shall be a deficiency in the dividends to liquidate the accruing interest on the State bonds, and the contingent fund shall be insufficient for such purpose, such deficiency shall be made up out of any uninvested dividends that may have been declared on the stock owned by the State, in the several works of internal improvement; and if there should still be a deficiency, the same shall be made up by the individual stockholders of the several roads in which the State has subscribed for stock in proportion to the amount for which the State may have issued her bonds in each, the amount so paid by the several companies, to be reimbursed out of the first dividends declared in favor of the State on her stock in said companies. In the event the dividends of the Bank and the profits arising from the stock of the State in internal improvements shall prove insufficient to liquidate the interest on the bonds of the State issued for the purpose of internal improvement, it shall be the duty of the Governor to notify the pre-

sident and directors of such companies in which the state has subscribed for stock, at least three months before the interest will become payable on the state's bonds of the probable deficit, and of the amount which will be required of each company to be paid in order to meet the interest on the bonds of the state, and upon receiving such notice from the Governor, it shall be the duty of the president and directors of each and every company thus notified, forthwith to make a call upon the individual stockholders, for an amount equal to the sum claimed by the Governor, in his notice to said companies, which sum or sums of money shall be paid at the time, place, and manner required by the Governor, and upon failure thereof, by any of said companies, to meet the instalment thus required, it shall be deemed and taken to be a forfeiture of the interest of the individual stockholder or stockholders thus failing to pay the instalment called for by the Governor; and *Provided further*, that no state bonds shall be issued for the payment of state stock, in works of internal improvement, under the provisions of this act, until the Bank hereby established shall go into operation.

Sec. 21. *Be it enacted*, That the State of Tennessee shall become a subscriber for one half of the capital stock in all rail roads, McAdamized turnpikes, graded turnpikes and sanded turnpikes, for which acts of incorporation have heretofore been granted, or for which acts of incorporation may be hereafter granted; *Provided*, that the subscription on the part of the state shall not exceed an average of three thousand dollars per mile in any company for McAdamized turnpikes, nor shall it exceed one thousand dollars per mile on graded turnpikes, nor seven hundred and fifty dollars per mile in sanded turnpikes; *Provided also*, the subscription by the state to the Charleston and Cincinnati rail road, and the Hiwassee rail road, shall not exceed one million three hundred thousand dollars, to be equally divided between them, and to be expended within the State of Tennessee.

Sec. 22. *Be it enacted*, That whenever the Governor shall be notified in writing by the president and directors of any company, for the construction of rail roads, McAdamized turnpikes, graded turnpikes, or sanded turnpikes, that one half of the capital stock of said company has been subscribed for, thereupon the Governor shall appoint a number of directors, not to be stockholders, equal to the number elected by individual stockholders, and if in the opinion of two thirds of said entire board, the payment is well secured by the individual stockholders, or that the individual stockholders are good and solvent persons, and fully able to pay the amount of stock subscribed for by each of them, and that they have paid ten per cent. upon the stock, the Governor of the state is hereby authorized and empowered, and required to subscribe on behalf of the state for the amount provided for in the foregoing section; and from the date of the subscription by the Governor, the state shall have a lien upon the property of each individual stockholder, to the amount of the stock owned by each, and upon the failure of any stockholder to pay any subsequent instalment after the first, such failure shall not operate as a forfeiture of the stock, unless the president and directors shall so agree, but payment shall be enforced by the president and directors, and no transfer or assignment of stock shall defeat the said lien; *provided*, that said lien shall cease after the individual stockholders shall have paid in one half their stock.

Sec. 23. Be *it enacted*, That whenever the individual stockholders of any of the said companies in which the State has become a stockholder under this act, shall have paid five per cent. in addition to the ten per cent. heretofore provided to be paid, making fifteen per cent. upon the amount of their stock, and the president and directors of such company shall notify the Governor of that fact, he is hereby authorized and required to issue the bonds of the State, signed officially by him and countersigned by the Secretary of State, with the seal of the

State, payable thirty years after execution, and bearing an interest of five per cent. per annum, payable semi-annually at the office of the Treasurer of Tennessee, or such other places as the president and directors negotiating the same may designate, for an amount equal to fifteen per cent. of the stock subscribed by the State in said company, and deliver said bonds to the president and directors of said company, in full payment of fifteen per cent of the State subscription. And upon the further payment of fifteen per cent. upon the stock of individual stockholders in any of said companies, the Governor shall issue the bonds of the State for fifteen per cent. of more of the stock of the State, in the same manner and under the same rules, regulations and restrictions as herein before provided; and upon the further payment of five per cent. or more upon the stock of individual stockholders, the Governor is authorized and required to issue the bonds of the State for the like proportion of the stock due by the State, under the same rules, regulations and restrictions as before. And in like manner the amounts paid by individuals and the State, at the several subsequent calls shall be equal, until the whole amount required to complete the work is paid in; and from time to time he shall take the receipts of the president and directors for the several sums as paid. So soon as the president and directors of the Louisville, Cincinnatti and Charleston Rail Road Company, shall certify to the Governor of the State, that the stockholders of said company have paid in five per cent. of their stock, the Governor of the State shall subscribe on behalf of the State, six hundred and fifty thousand dollars in stock in said company, and shall issue bonds of the State to said company for five per cent. on the State stock so subscribed, subject nevertheless to the conditions herein after provided. And as soon as the president and directors of the Louisville, Cincinnatti and Charleston Rail Road Company, or a board of directors appointed by said company, to construct that part of the road lying within the limits of Tennessee, shall

certify to the Governor that a sum has been paid in for the construction of said road within the limits of Tennessee, by individual stockholders upon their stock, equal in amount to fifteen per cent. upon the amount to be subscribed by the State, the Governor shall execute the bonds of the State to said company for the amount of fifteen per cent. of the six hundred and fifty thousand dollars of stock to be subscribed by the State. And whenever individual stockholders in said road shall have paid in a further sum upon their stock, equal in amount to fifteen per cent. upon the stock subscribed by the State, the Governor shall issue the bonds of the State for fifteen per cent. of the remaining stock of the State: and upon the further payment by individual stockholders of an amount equal to five per cent. or more on stock subscribed by the State, the Governor shall issue bonds for five per cent. or more of the State stock, and so on in like proportion until the whole amount is issued, all of which is to be laid out within the limits of the State. And whenever the president and directors of the Hiwassee Rail Road Company shall notify the Governor in writing, of the amount of stock subscribed by individuals in said company, the Governor shall subscribe for an equal amount of State stock; *Providvd*, such amount does not exceed six hundred and fifty thousand dollars, subject to the same rules as to issuing the bonds of the State as is pointed out by this act for the government of other rail roads and McAdamized turnpike companies: *Provided*, that if the six hundred and fifty thousand dollars should not be subscribed by individuals for stock in said company, and a certificate of that fact made out to the Governor on or before the first day of October next, agreeably to the provisions of this act, so as to authorize the Governor to subscribe for the full amount of the six hundred and fifty thousand dollars in said company, the Governor shall subscribe for an equal amount of stock in said road, as is or shall be subscribed by individuals, and certified as is directed by the 21st and 22nd sections of this act, and

the remainder of the six hundred and fifty thousand dollars shall be subscribed by the Governor to any McAdamized, sanded or graded turnpike road company in East Tennessee that shall bring themselves within the provisions of this act. And the Governor is hereby authorized from time to time, to constitute and appoint proxies to vote for directors in said Louisville, Cincinnati and Charleston Rail Road Company, and such proxies shall give other votes he may be authorized to do by virtue of such appointment agreeable to the provisions of said charter. *And provided further*, that if the Louisville, Cincinnati and Charleston Rail Road Company, or the Hiwassee Rail Road Company, or either of them, shall fail to obtain the subscription on the part of the State on or before the first day of January, 1839, then and in that case, it shall be the duty of the Governor to subscribe for stock in such turnpike roads in East Tennessee as may bring themselves within the general provisions of this act.

Sec. 24. *Be it enacted*, That the State of Tennessee shall have a lien on the entire works of said companies respectively, for the amount so paid in by the State. And in all, the profits, rents and tolls of said companies shall inure to the benefit of the State, until individual slockholders shall have paid in their entire stock in said companies respectively; *Provided*, the right and lien on the part of the State to the entire profits, rents and tolls of the said several works, shall not inure until twelve months after the execution of the bonds of the State, for the last instalment on her stock as aforesaid, and then only to the extent of that portion of the individual stockholders who have not paid up the entire amount of their stock, and to remain no longer than said defaulting stockholders fail to pay the same.

Sec. 25. *Be it enacted*, That the stock to be taken by the State in the several improvements, shall not exceed four millions of dollars, to wit: one million four hundred thousand dollars in East Tennessee, one million six hundred thousand dol-

lars in Middle Tennessee, and one million of dollars in the Western District; *Provided*, that one hundred thousand dollars shall be raised upon the bonds of the State, and be expended as a portion of the fund allotted to East Tennessee upon the rivers in East Tennessee, as the General Assembly may hereafter direct; and provided also, that one hundred thousand dollars of the fund allotted to the Western District of Tennessee, be expended upon the rivers in that part of the State, as the General Assembly may hereafter direct; and provided, that one hundred thousand dollars of the fund allotted to Middle Tennessee shall be appropriated to the rivers of Middle Tennessee.

SEC. 26. *Be it enacted*, That the profit arising upon the stock owned by the State in the several works of internal improvement, shall constitute a fund to be applied to the redemption of the bonds of the State executed and to be executed for raising the Bank capital herein provided for, and the internal improvement bonds of the State.

JOHN COCKE,
Speaker of the House of Representatives.
TERRY H. CAHAL,
Speaker of the Senate.

Passed January 19th, 1838.

SUPPLEMENTAL BILL.

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee*, That the president and directors of the principal Bank shall locate the branches and appoint twelve directors for each branch of the Bank of Tennessee, of whom one shall be from each of the counties adjoining the one in which the branch is located; *Provided*, that it shall not reduce the number in the county in which the branch is located to less than seven, who shall remain in office for twelve months, and until their successors are appointed and qualified in the way, possess the qualifications, be subject to the disqualifications and liabilities, and shall have the powers and perform the duties so far as the same apply, as the directors of the principal Bank. And the board of directors of the branches respectively shall be under the same rules and regulations as the board of directors of the principal Bank; but the board of directors of the branches may make necessary by-laws for their government, not inconsistent with this act and the act to which this a supplement, and not inconsistent with the controlling power given to the principal bank over said branches; vacancies in the board of directors at the branches shall be filled by the boards at the branches respectively; the officers and servants of the branches shall be appointed by the board of directors at the branches; officers and servants of the branches shall be qualified, and be subject to the same penalties as officers and servants of the principal bank.

Sec. 2. *Be it enacted*, That when the five millions of the capital stock shall be paid in, the president and directors of the principal Bank shall pay over to the several branches of said Bank, at least four hundred thousand dollars as the capital respectively of said branches; *Provided*, it shall be the duty the president and directors of the principal Bank, to employ three millions two hundred and fifty thousand dollars of the capital stock at the different branches, when the whole is paid in, and if upon the report of the president and directors of any branch or branches, authorised to be located by this act, or the act to which this is a supplement, the sum of four hundred thousand dollars cannot be employed at any of such branches, so as to yield, after defraying all expenses, a nett profit of eight per cent. it shall in such case, be the duty of the president and directors of the principal bank to withdraw so much thereof as cannot be profitably used, and to transfer the same to such other branch or branches where it can be used best for the intest of the bank and the people, subject to be withdrawn and employed and transferred to any other branch or branches where the same can be used most profitably; *Provided also*, the president and directors of the principal bank shall not employ more than one million seven hundred thousand and fifty thousand dollars at the principal bank, unless it shall appear from the reports of the branches that the amount beyond the said sum cannot be employed at a nett profit of at least eight per cent. at any or all of the branches; and *Provided* that the president and directors shall not reduce the amount of capital of either of the branches to a less sum than three hundred thousand dollars. The first distribution of capital shall be made to the branches when the principal Bank shall go into operation, and of the first distribution of capital derived from the sale of the state bonds, at least two hundred thousand dollars shall be paid over to each branch; and not more than seven hundred and fifty thousand dollars shall be retained by the principal bank for banking purposes.

Sec. 3. *Be it enacted*, That each of said branches shall make semi-annual dividends of the nett profits, which shall forthwith be paid to the principal Bank, who shall provide for the payment of the interest on the state bonds, and the annual dividends for the support of academies and common schools, as provided for by the act to which this is a supplement.

Sec. 4. *Be it enacted*, That whenever in the opinion of the president and directors of the principal Bank, a change of policy in the management of any particular branch or of the whole is required for the general benefit of the institution, they shall have power to call a convention of delegates from all the branches, to be composed of one member from each board of the branches, and the president and directors of the principal Bank, to consult and advise in relation to the same, and whatever may be determined upon by a majority of said convention, the same shall be the governing policy of the institution.

Sec. 5. *Be it enacted*, That within thirty days after the apointment of the directors of the different branches, it shall be the duty of the president of the principal Bank to call a convention of delegates from the branches to be composed of the president of each of the said branches, and the president and directors of the principal Bank, whose duty it shall be to adopt the necessary rules for the intercourse between said principal Bank and branches. The proceedings of said convention shall be entered of record at the principal Bank by ayes and noes.

Sec. 6. *Be it enacted*, That in all cases the funds received as capital by the president and directors of the principal Bank, from time to time, shall be distributed in the aforesaid proportions, in kind and value to the respective branches; and in like manner when the principal Bank shall negotiate any bonds for internal improvement purposes, the funds procured shall be distributed in the same proportion in kind and value to the branches, upon their placing the proper amount to the

credit of the internal imprdvement companies in their books.

Sec. 7. *Be it enacted*, That the notes to be issued by the Bank of Tennessee for circulation, shall be signed by the president and countersigned by the cashier of the principal Bank, and the same may be made payable at such place or places as shall be deemed most advisable by the board of directors of the principal Bank. The notes of the Bank or branches shall be received in payment of debts to the principal Bank or branches; *Provided*, that if at any time the president and directors of the principal Bank shall deem it to the interest of the institution, they may authorise the president and cashier of any branch or branches to sign and countersign any or all of the notes to be issued for circulation by such Bank or branches; *Provided* further, that in furnishing the branches with notes to be issued for circulation, the president and directors of the principal Bank shall distribute to each an amount of notes equal to double the amount of capable assigned to the branches respectively.

Sec. 8. *Be it enacted*, That the bonds of the State for raising three hundred thousand dollars for the improvement of the navigation of the rivers, shall be executed and negotiated by the commissioners at the same time that the bonds for raising the capital of the Bank shall be negotiated, and the proceeds shall be deposited in the Banks in the three divisions of the State, in equal portions, and the amount so deposited be drawn in the notes of said Banks to be applied as provided by law.

Sec. 9. *Be it enacted*, That each branch shall render to the principal Bank, monthly statements of the condition of such branch, including a list of all the notes and bills purchased, together with the endorsers and acceptors on the same, and which shall be filed.

Sec. 10. *Be it enacted*, That no director of the principal Bank or branches who is under protest at said Bank or any of its branches, shall sit in any board of directors whilst under

protest at any of said banks; and if any such director remains under protest for the space of thirty days, he shall forfeit his directorship. No director shall act as attorney at law for said Bank ar branches.

Sec. 11. *Be it enacted*, That the bonds of the State to be issued under the provisions of the act to which this is a supplement, shall be engraved under the direction and superintendence af the Governor and Secretary of State; and the comptroller of the treasury is hereby required to issue his warrants upon the treasury from time to time, for such an amount as may be necessary to defray the expences of such engraving.

Sec. 12. *Be it enacted*, That the provisions of the law passed at the present session of the General Assembly, authorising the Governor to subscribe one half of the stock in works of internal improvement, shall be so construed as to apply to M'Adamized roads, and Memphis, Somerville and Lagrange rail road, when part of the stock has been subscribed by individuals, and the Governor has subscribed the one-third of the stock so taken, but which is not sufficient to construct the said roads. In such cases the Governor shall, agreeably to the provisions of the act to which this is a supplement, subscribe the one half of the capital stock of said companies or a sum equal to the whole stock taken by individuals in said roads.

Sec. 13. *Be it enacted*, That the principal Bank of the State shall be located at Nashville.

JOHN COCKE,
Speaker of the House of Representatives,
TERRY H. CAHAL,
Speaker of the Senate.

Passed January 25th 1837.

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